

Explanation of Initial Calendar Year (CY) 2011 Obligation (April)

Public Housing Operating Fund

The Department has obligated additional funding for Operating Fund subsidies for the month of April 2011 (under a Continuing Resolution), in accordance with the information below. The third round of funding is expected to be available in eLOCCS before April 1, 2011. The fourth round of funding will be provided by May 1, 2011.

Estimated Project Eligibility Levels for CY 2011

The CY 2010 project eligibility was used as the basis for the CY 2011 estimate. In determining CY 2011 estimated project eligibility, the Department made five adjustments to the actual eligibility for CY 2010:

- Increased 2010 Project Expense Levels (PELs) by 2.9% (the average increase nationally for CY2011);
- Decreased 2010 Utility Expense Levels (UELs) by 5.72% (representing the national UEL inflation factor of -5.72% for CY 2011);
- Held constant add-on amounts, except that PHA projects that received Asset Repositioning Fees in CY 2010 had these fees decreased by 43% in the CY 2011 estimate;
- Adjusted Transition Funding to reflect 2011, year 5 amounts, while maintaining “Stop Loss” PHAs with appropriate treatment; and
- Increased formula income by 1.48% (based on a trend study of tenant rent growth);

No adjustment has been made for changes in unit count. Also, for any project that did not receive funding in CY 2010 (i.e., new projects for CY 2011), funding was calculated as follows:

$$\text{PUM CY 2010 Average Eligibility for the PHA} \times \text{Units} \times 12 \text{ months}$$

To avoid overfunding projects, PHAs should notify their Field Office if changes have occurred between CY 2010 and CY 2011 that will significantly impact CY 2011 eligibility. Significant impact (approximate decrease of 15% or more) to a PHA's project eligibility may be the result of changes in number of projects, unit months, or other funding elements not adjusted for in the estimate. Where a PHA finds that the estimate may not reflect its actual eligibility for 2011, the PHA is expected to either not draw down the excess funds or to set the funds aside for recapture. If a PHA is aware of a project that will not be submitted for CY 2011, the PHA should notify its Field Office.

Interim Proration Levels for CY 2011

The Department considered the 2011 President's Budget, current Congressional budget proposals and seasonal expenses in funding the CY 2011 second round of obligations at a 92% interim proration level. The final proration may adjust this interim proration level either up or

down once HUD's Operating Fund Program Appropriation bill is passed. Additionally, the final proration may be lower than estimated based on actual PHA subsidy requests.

Months Funded Adjustment based on Interim Proration

The 92% interim proration is applied to total estimated eligibility. The April funding is equal to the four months (January through April) funding minus previous obligation(s).